STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

CENTRAL ILLINOIS PUBLIC SERVICE CO.,	:	
d/b/a AmerenCIPS	:	
	:	Docket No. 01-0446
Petition for special permission to place revised	:	
tariff sheets into effect on less than 45 days notice.	:	

NOTICE OF FILING

Please take notice that today we have filed a Petition for Rehearing in the above-referenced proceeding.

Dated: June 28, 2001

Central Illinois Public Service Company

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PETITION FOR REHEARING

Central Illinois Public Service Company ("AmerenCIPS") hereby petitions the Commission for rehearing in the above-captioned matter for the purpose of reconsidering its June 19, 2001 Order (the "Order") regarding AmerenCIPS' request for special permission to place amendments to its Riders TC and PPOS into effect on less than 45 days notice. The Order largely rejects AmerenCIPS' request, and suggests to AmerenCIPS that, instead, AmerenCIPS should revise its tariffs to offer a 45 day open season to existing PPO customers to allow them to choose among several service options listed by the Commission in the Order.

AmerenCIPS believes that it has already offered customers options sufficient to protect their interests. The open season suggested by the Commission would extend the use of the discredited NFF pricing, create confusion among customers, and invite gaming of the PPO. Moreover, the provisions of the suggested open season are ambiguous and require clarification before they can be adopted.

AmerenCIPS wishes to emphasize that it strongly disagrees with any implication in the Order that it has not considered the interest of existing PPO customers or adequately informed those customers or the Commission of how pricing would be adjusted for those customers when the MVI became effective. To the contrary, AmerenCIPS informed the Commission over a year ago of its pricing plans for PPO customers, and AmerenCIPS has communicated in writing with all existing PPO customers regarding their options under AmerenCIPS' tariffs. (*See* Appendix A hereto.) Approximately one-third of those customers already have elected to return to bundled service and others may do so. The Commission's suggested open season would require customers to make a new election, which is likely to cause confusion.

AmerenCIPS also seeks the Commission's reconsideration of the provisions of the Order denying AmerenCIPS' request to revise its tariffs to suspend operation of the transition charge. AmerenCIPS cannot accept a significant risk that it would not be permitted to resume recovering a transition charge after the substantial suspension period that AmerenCIPS is offering. Accordingly, unless the Commission accepts the suspension language as proposed, an opportunity to eliminate the transition charge in the AmerenCIPS service territory for a minimum of two years will, regrettably, be lost.

AmerenCIPS requests that the Commission reconsider its Order, and permit AmerenCIPS to place its proposed tariff sheets into effect.

The Open Season Is Not Necessary or Reasonable

The Order both suggests that AmerenCIPS has not previously informed the Commission regarding its plans for existing PPO customers and assumes that those customers will be harmed by the adoption of MVI pricing unless AmerenCIPS offers those customers an array of pricing and service options during an open season. To the contrary, AmerenCIPS previously made its proposed treatment of PPO customers clear, and AmerenCIPS has offered PPO customers alternatives adequate to protect their interests. AmerenCIPS has not offered customers the opportunity to preserve NFF PPO pricing, or to bounce back and forth between bundled services and delivery services, and does not believe that it would be appropriate to do so, as such provisions would, among other things, add confusion to the market place.

AmerenCIPS Has Made Its Plans for PPO Pricing Clear

AmerenCIPS announced its plans for implementing pricing in connection with the use of an MVI methodology to Commission and the Staff over a year ago. In its Petition in Docket No. 00-0395, in which it requested that the Commission approve the revision of Rider MV to reflect use of an MVI methodology, AmerenCIPS noted that it might suspend Riders TC and PPOS. AmerenCIPS stated that, even if PPO service were suspended, "*the revised Rider [MV] terms would be applicable to remaining terms under Rider PPOS service initiated prior to the date on which any suspension of Rider PPOS becomes effective.*" (emphasis added). AmerenCIPS witness Nelson also explained in his direct testimony in Docket No. 00-0395 that the revised terms of Rider MV "*would still remain in effect for customers signing up for the PPO prior to its cancellation. . . .*" Ameren Ex. 1.0, Docket No. 00-0395, p. 6 (emphasis added). Thus, AmerenCIPS' clear intent was to price PPO service at the MVI values when the use of the MVI methodology became effective. No party in the MVI docket ever questioned this approach.

AmerenCIPS has taken no action inconsistent with its previous statements, and has made every effort to keep customers informed and to provide customers with appropriate and workable options for transitioning from Rider PPOS to other service options. AmerenCIPS has sent its existing PPO customers correspondence informing them of the change in methodology and offering them the opportunity to switch to a RES or to return to bundled rates. Accordingly, there is no need for an additional open season in the form drafted by the Commission.

<u>The Terms of the Open Season Could Cause Confusion and Invite Gaming</u>

The Commission suggests several changes to AmerenCIPS' tariffs, which AmerenCIPS will address individually:

(a) "as the default option, [current PPO customers may] continue on PPOS, using the market index values and transition charges, through the present Applicable Period A (which would be the customer's June 2002 meter reading);"

This option is confusing because it is unclear why customers would require the right to sign up for PPO service at MVI prices until June of next year. Any eligible, qualifying customer could do that now (assuming that AmerenCIPS does not suspend its Riders TC and PPOS, which is now unlikely in light of the Order). To the extent that customers no longer qualify, because their TC has gone to zero, there is no reason or need to expand eligibility. Consistent with Commission's Order on Reopening in the MVI Docket, AmerenCIPS has already informed such customers that they may continue service under Rider PPOS through the end of their 12 month PPOS terms.

(b) "Continue on PPOS, using the most recent NFF-based market values and transition charges, through the customer's December meter read or the end of their current PPOS service agreement, whichever occurs first, effective with bills rendered for service after the customer's June meter reading;"

In its Order on Reopening in Docket Nos. 00-0259, et al., the Commission concluded that the utilities' MVI proposals, with certain modifications, "can be expected to produce more accurate (and for that matter higher) market values than does the NFF. . . ." (p. 151) In this regard, the Commission apparently agreed with the view of its Staff that "the NFF process is a cumbersome, expensive procedure which has produced outdated and inaccurate results that have underestimated market prices." <u>Id.</u> at 150-51.

In its Order in this docket, the Commission expresses exactly the opposite concern. Where previously the Commission was concerned that the NFF was too low, the

Commission now expresses concern that the MVI approach produces charges that are higher than those the NFF would have produced. The Order thus seeks to prevent PPO customers from having to pay the prices that the Commission found to be reasonable, and allows those customers to continue to pay under the pricing methodology that the Commission allowed AmerenCIPS to discontinue in favor of the more accurate MVI.

When the current PPO customers signed on for PPO service, they were not guaranteed a particular ¢/kWh price for the term of their PPO service. Rather, they agreed to take service on terms and conditions and at rates approved by the Commission. At the time their terms of service commenced, that price was determined by use of the NFF method. Effective in June, 2001, pursuant to the Commission's approval, that price is being determined by the MVI method. Ameren and the PPO customers are abiding by the same terms and conditions set forth when they commenced service under the PPO.

To the extent that customers do not wish to take service at the MVI prices, AmerenCIPS has offered them the opportunity to switch to another provider or to return to bundled rates before their PPO terms expire -- which are the same options that customers would have had if they had never switched to the PPO.

By suggesting that AmerenCIPS revise its tariffs to reinstate the NFF for the duration of this year, the Commission is suggesting both that the NFF price is proper and that the MVI price (which customers are not required to pay) is improper. That is not the case.

(c) "Return to a bundled service, effective with bills rendered for service provided after the customer's June meter reading."

AmerenCIPS has offered its existing PPO customers the opportunity to do just this. The only confusing aspect of this Option is how it is to be read in conjunction with Option (d), below.

(d) "Any customer remaining on PPOS would be permitted to return to a bundled service with the standard notice already allowed by the Company's tariffs. Any such customer would have the option of returning to delivery services without having to wait at least 12 months, as otherwise required by the existing CIPS tariff."

This condition is confusing in its structure and unclear in its purpose. The phrase "remaining on PPOS" lacks a temporal referent: remaining on Rider PPOS when? AmerenCIPS assumes that the Commission means after the 45 day open season ends. Even with that ambiguity resolved, the purpose of such a provision is unclear. Presumably, the customer makes an informed decision during that period to remain on the PPO after the implementation of MVI pricing. Why should such a customer have (or need) an opportunity to change its mind later? AmerenCIPS does not believe that any valid purpose is served by such a provision.

A second ambiguity relates to the pricing involved. The condition does not indicate whether it refers to customers remaining on the PPO under the Commission's suggested Option (a) (MVI pricing) or Option (b) (NFF pricing). There is absolutely no basis or reason for affording customers continuing on NFF pricing the opportunity to switch to bundled service for periods shorter than 12 months nor for allowing customers continuing on NFF pricing to switch off PPO prior to their original term expires. Customers who continue with their original pricing do not need any special waiver of switching or service requirements.

This provision, as written, invites gaming of the PPO. A customer could stay on NFF pricing through the end of the year, stay on bundled service through next summer and return to delivery services when the next Period B begins. The customer will thus have the benefit of the year-round average bundled rate in the summer, when prices are higher, and the benefit of lower market prices when the summer ends. This is exactly the type of gaming that the 12-month requirement was intended to avoid.

This Situation Is Not Analogous To ComEd's

The Order analogizes the Ameren Companies' switch from the NFF to ComEd's introduction of the MVI approach last year. In the case of ComEd, the Commission approved the use of the MVI approach on an interim basis, and did not approve the cancellation of the NFF method. It was appropriate for the Commission in that context to allow customers to experiment with the MVI approach, or remain with the NFF.

Here, by contrast, the Commission found that the NFF was inaccurate and recognized that adoption of the MVI would result in the abandonment of the NFF, at least through the sunset of the MVI tariffs. There is no need for the Commission to treat the MVI as an experimental, temporary tariff. The Commission has found that it is more accurate than the NFF, and, accordingly, it should replace the NFF completely.

The Commission Should Permit Suspension of Transition Charge Collection

Lastly, AmerenCIPS requests the Commission to reconsider its decision not to approve the suspension of AmerenCIPS' Riders TC and PPOS on the proposed terms. AmerenCIPS believes that the Commission has read the terms of the Public Utilities Act (the "Act") too narrowly. AmerenCIPS seeks to spur competition in its service territory by suspending its collection of a transition charge for at least two years. Since AmerenCIPS cannot predict with certainty the future behavior of the market, AmerenCIPS is not willing to commit to a suspension of transition charge collections beyond two years or to permanently waive its right to collect such a charge. Accordingly, AmerenCIPS proposed a tariff suspension that would expire in two years.

The Order declines to accept a suspension, and suggests that the Act requires transition charges to be assessed continuously throughout the transition period. AmerenCIPS believes that this reading of the Act is too restrictive. The Commission should read the statute to mean that transition charge recovery cannot extend beyond a certain date -- not that a utility must calculate a charge throughout the entire transition period.

The Order's interpretation of the Act in this regard reflects no particular policy voiced to date, and the Companies do not believe that this view is reflected anywhere in the legislative history. The Order effectively requires utilities to select all or nothing stranded cost recovery: if a utility does not seek to recover the full amount of stranded costs possible over the remainder of the recovery period, then it cannot collect anything. Who does this serve to protect? Not ratepayers -- it incentivizes utilities to collect the maximum possible. Not utilities -- it means that utilities that to date have not sought recovery will never be able to do so. And not ARES -- it means that the transition charge, which ARES view as an impediment to competition, will be in effect throughout the entire transition period.

The Commission should not interpret the Act in a way that serves no constituency, and, in fact, hampers efforts to spur competition within the Ameren service territory.

WHEREFORE, for all the reasons stated herein, AmerenCIPS respectfully requests that the Commission reconsider its Order.

Respectfully submitted,

Central Illinois Public Service Company

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June 12, 2001

«CUSTOMER_NAME»
«ADDRESS__»
«ADDRESS__1»
«CITY__STATE__ZIP»

RE: Account No. «ACCOUNT_NO»

Dear Customer:

During last summer's cooling season, Ameren requested and just recently received approval from the Illinois Commerce Commission to make changes in the method for calculating customer transition charges (TC) and market values (MV) for energy under Ameren's Power Purchase Option Service (PPOS). These changes will have a significant impact on the prices you pay under PPOS. For example, the market value is no longer a single price for all hours. With this change, summer prices are significantly higher than the previous PPOS rate. These changes were implemented effective June 1, 2001, and will take effect for billing purposes for all consumption after your June meter reading. In the future, all PPOS contract periods will terminate each year with the June meter reading.

Due to implementing the new MV calculations, your TC rate has gone to zero. Because of the zero TC, you would not have been eligible for PPOS under the terms of the new tariffs. However, we recognize that you may not have been aware of these recent changes, and therefore, during this transitional period, Ameren will permit your further participation under the PPOS tariff. Ameren encourages you to evaluate the new summer and non-summer PPOS prices to determine their impact on your billings (see enclosed analysis). You will pay the new prices beginning with your July bill. Under the Ameren transition plan, you have the following two options available:

1. You can do nothing, and we will continue your service on the revised PPOS until the end of your current, 12-month PPOS term. At that time you will be required to make a choice: You can switch to an alternative supplier or return to bundled service from Ameren. (Bundled service includes all energy costs – both generation and delivery pricing - and is based on rates established by regulation.)

2. Ameren will allow you to terminate your PPOS service at any time before the end of your normal PPOS expiration by providing notice to either switch to an alternative supplier or to return to Ameren's bundled service. Since we were unable to notify you prior to the effective date of these changes, Ameren will attempt to expedite such requests during this transition period. Ameren's bundled service, if elected, requires a minimum term of 12 months.

If you would like to confirm your current PPOS expiration date or discuss these options, please contact the Customer Contact Center at **877-4AMEREN**
(877-426-3736). We value your business and look forward to serving you in the future.

Sincerely,

Thomas R Voss

Thomas R. Voss
Senior Vice President
Customer Services

SERVICE LIST
DOCKET NO. 01-0446

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CERTIFICATE OF SERVICE

I, Christopher W. Flynn, an attorney, hereby certify that I caused the Petition for Rehearing on behalf of AmerenCIPS to be served on the attached Service List on this 28th day of June, 2001 via Federal Express.

Christopher W. Flynn